

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1001(ss) be amended to read as follows:

- 1 Page 202, between lines 1 and 2, begin a new paragraph and insert:
- 2 "SECTION 216. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE
- 3 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 4 UPON PASSAGE]:
- 5 **Chapter 9. Local Option Sales Tax for Property Tax**
- 6 **Replacement**
- 7 **Sec. 1. This chapter applies to a county having a population of**
- 8 **more than four hundred thousand (400,000) but less than seven**
- 9 **hundred thousand (700,000).**
- 10 **Sec. 2. Except as otherwise provided in this chapter, the**
- 11 **definitions contained in IC 6-2.5-1 apply throughout this chapter.**
- 12 **Sec. 3. As used in this chapter, "civil taxing unit" means an**
- 13 **entity having the power to impose ad valorem property taxes. In**
- 14 **the case of a consolidated city, the term includes the consolidated**
- 15 **city and all special taxing districts, all special service districts, and**
- 16 **all other entities of the consolidated city with budgets and property**
- 17 **tax levies that are subject to review under IC 36-3-6-9.**
- 18 **Sec. 4. As used in this chapter, "county fiscal body" means a**
- 19 **county council under IC 36-2-3 or a city-county council under**
- 20 **IC 36-3-4.**
- 21 **Sec. 5. (a) Using procedures described in this chapter, a county**
- 22 **fiscal body may, by majority vote, adopt an ordinance to impose or**
- 23 **rescind the local option gross retail tax for property tax**

1 replacement in the county.

2 (b) Before a county fiscal body may adopt an ordinance to
3 impose or rescind a tax under this chapter, the county fiscal body
4 must hold a public hearing on the proposed ordinance. The county
5 fiscal body must provide notice in accordance with IC 5-3-1 to the
6 public of the time and place that the public hearing will be held.

7 Sec. 6. (a) The county fiscal body may impose a local option
8 gross retail tax on the transactions described in section 7 of this
9 chapter. A county fiscal body adopting an ordinance under this
10 section must indicate in the ordinance the date the tax becomes
11 effective.

12 (b) A tax imposed under this chapter may not take effect until
13 at least sixty (60) days after the date the ordinance imposing the
14 tax is adopted.

15 Sec. 7. (a) Except as provided in section 8 of this chapter, the tax
16 imposed under this chapter by a county fiscal body applies to retail
17 transactions that occur within the county.

18 (b) Retail transactions that are services described in
19 IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11 are considered as
20 having occurred within the county in which the services are
21 provided.

22 Sec. 8. (a) A tax imposed under this chapter does not apply to a
23 transaction to the extent that the transaction is exempt from the
24 state gross retail tax under IC 6-2.5.

25 (b) A tax imposed under this chapter does not apply to the gross
26 retail income derived from a unitary retail transaction to the extent
27 the gross retail income is attributable to a tax under IC 6-2.5 or
28 IC 6-9.

29 Sec. 9. A county fiscal body that has imposed a tax under this
30 chapter may adopt an ordinance to rescind the tax. The county
31 fiscal body must specify in the ordinance the date the rescission of
32 the tax takes effect.

33 Sec. 10. If a county fiscal body adopts an ordinance to impose or
34 rescind a tax under this chapter, the county fiscal body shall
35 immediately send a certified copy of the ordinance to the
36 department of state revenue.

37 Sec. 11. (a) A tax imposed under this chapter may be imposed
38 only on the gross retail income derived from retail transactions. If
39 the tax imposed under this chapter for a particular transaction
40 results in a fraction of one-half cent (\$0.005) or more, the amount
41 of the tax shall be rounded to the next additional cent.

42 (b) A county fiscal body may adopt a tax under this chapter that
43 equals any of the following rates:

- 44 (1) Twenty-five hundredths of one percent (0.25%).
- 45 (2) Five-tenths of one percent (0.5%).
- 46 (3) Seventy-five hundredths of one percent (0.75%).
- 47 (4) One percent (1%).

1 (c) A county fiscal body shall give notice of an action under this
2 chapter to the department of local government finance not more
3 than five (5) business days after adopting an ordinance under this
4 chapter.

5 Sec. 12. (a) A person who receives goods or services in a retail
6 transaction that is taxed under this chapter is liable for the tax.
7 The person shall pay the tax to the retail merchant as a separate
8 amount added to the consideration for the goods or services. The
9 retail merchant shall collect the tax as an agent for the state and
10 the county.

11 (b) The county fiscal body may adopt an ordinance to require
12 that the tax be reported on forms approved by the county treasurer
13 and that the tax shall be paid monthly to the county treasurer. If
14 the county fiscal body does not adopt such an ordinance, the tax
15 imposed under this chapter shall be imposed, paid, and collected in
16 the same manner in which the state gross retail tax is imposed,
17 paid, and collected under IC 6-2.5.

18 (c) The department of state revenue shall determine whether a
19 return that is filed for the payment of the tax imposed under this
20 chapter shall be a separate return or shall be combined with the
21 return filed for the payment of the state gross retail tax.

22 Sec. 13. (a) A special account within the state general fund shall
23 be established for each county adopting the property tax
24 replacement sales tax. Any revenue derived from the imposition of
25 the property tax replacement gross retail tax by a county shall be
26 deposited in that county's account in the state general fund.

27 (b) Income earned on money held in an account under
28 subsection (a) becomes a part of that account.

29 (c) Revenue remaining in an account established under
30 subsection (a) at the end of a fiscal year does not revert to the state
31 general fund.

32 Sec. 14. (a) Revenue derived from the imposition of the property
33 tax replacement gross retail tax shall, in the manner prescribed by
34 this section, be distributed to the county that imposed it. The
35 amount to be distributed to a county during an ensuing calendar
36 year equals the amount of property tax replacement sales tax
37 revenue that the department of state revenue, after reviewing the
38 recommendation of the budget agency, estimates will be received
39 from that county during the twelve (12) month period beginning
40 July 1 of the immediately preceding year and ending June 30 of the
41 following year.

42 (b) Before the later of July 2 of each year or sixty (60) days after
43 an ordinance to impose a tax under this chapter is adopted, the
44 department of state revenue, after reviewing the recommendation
45 of the budget agency, shall estimate and certify to the county
46 auditor of each adopting county the amount of property tax
47 replacement gross retail tax revenue that will be collected from

that county during the twelve (12) month period beginning July 1 of that year and ending June 30 of the immediately following year. The amount certified is the county's certified distribution for the immediately following year. The amount certified may be adjusted under subsection (c) or (d).

(c) The department of state revenue may certify to an adopting county an amount that is more than the estimated twelve (12) month revenue collection if the department of state revenue, after reviewing the recommendation of the budget agency, determines that there will be more revenue available for distribution from the county's account established under section 13 of this chapter.

(d) The department of state revenue may certify an amount less than the estimated twelve (12) month revenue collection if the department of state revenue, after reviewing the recommendation of the budget agency, determines that a part of those collections must be distributed during the current year to enable the county to receive its full certified distribution for the current year.

Sec. 15. (a) One-half (1/2) of each county's certified distribution for a year shall be distributed from its account established under section 13 of this chapter to the county treasurer on May 1 and the other one-half (1/2) on November 1 of that year.

(b) Distributions made to a county treasurer under subsection (a) shall be treated as though they were property taxes that were due and payable during that same year. The certified distribution shall be distributed and used by the counties as provided in this chapter.

(c) All distributions from an account established under section 13 of this chapter must be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

Sec. 16. The certified distribution received by a county treasurer under this chapter shall be allocated, distributed, and used by the civil taxing units of the county as property tax replacement credits as provided under sections 17, 18, and 19 of this chapter.

Sec. 17. (a) The county's certified distribution for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units of the county.

(b) Except as provided in section 18 of this chapter, the amount of property tax replacement credits that each civil taxing unit in a county is entitled to receive during a calendar year is the result determined under STEP FIVE of the following formula:

STEP ONE: Determine that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year.

STEP TWO: Determine the sum of the following:

(A) The total property taxes collected by each civil taxing

unit during the calendar year immediately preceding the calendar year in which the distribution is to be made.

(B) The amount of federal revenue sharing funds and certified shares received under IC 6-3.5-1.1 or homestead credits received under IC 6-3.5-6 by each civil taxing unit during the calendar year immediately preceding the year in which the distribution is to be made to the extent that the receipts are used to reduce the civil taxing unit's property tax levy below the limit imposed by IC 6-1.1-18.5 or another law for that same calendar year.

STEP THREE: Determine the sum of the following:

(A) The total property taxes collected by all civil taxing units in the county in the calendar year immediately preceding the calendar year in which the distribution is to be made.

(B) The amount of federal revenue sharing funds and certified shares received under IC 6-3.5-1.1 or homestead credits received under IC 6-3.5-6 by all civil taxing units in the county during that calendar year to the extent that the receipts are used to reduce the county's property tax levy below the limit imposed by IC 6-1.1-18.5 or another law for that same calendar year.

STEP FOUR: Divide the STEP TWO sum by the STEP THREE sum.

STEP FIVE: Multiply the STEP ONE amount by the STEP FOUR quotient.

(c) The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit in the auditor's county is entitled to receive. The county auditor shall then certify to each civil taxing unit the amount of property tax replacement credits it is entitled to receive during that year. The county auditor shall also certify these distributions to the county treasurer.

Sec. 18. (a) This section applies to a civil taxing unit that:

- (1) imposes a property tax that is first due and payable in a year in which a distribution is made under this chapter; and
- (2) did not impose a property tax that was first due and payable in the year that immediately precedes the year in which the distribution is made.

(b) A civil taxing unit is entitled to receive part of the property tax replacement credits to be distributed within the county. The amount that the civil taxing unit is entitled to receive during that year is the result determined under STEP FIVE of the following formula:

STEP ONE: Determine the part of the county's certified distribution that is to be used to provide property tax replacement credits during that year.

1 **STEP TWO: Determine the budget of the civil taxing unit for**
 2 **that year.**

3 **STEP THREE: Determine the aggregate budgets of all civil**
 4 **taxing units of that county for that year.**

5 **STEP FOUR: Divide the STEP TWO amount by the STEP**
 6 **THREE amount.**

7 **STEP FIVE: Multiply the STEP ONE amount by the STEP**
 8 **FOUR quotient.**

9 (c) If for a year a civil taxing unit is allocated a proportion of a
 10 county's property tax replacement credits by this section, the
 11 formula used in section 17 of this chapter to determine all other
 12 civil taxing units' property tax replacement credits shall be
 13 changed for that same year by reducing the amount dedicated to
 14 providing property tax replacement credits by the amount of
 15 property tax replacement credits allocated under this section for
 16 that same year. The department of local government finance shall
 17 make any adjustments required by this section and provide them
 18 to the appropriate county auditors.

19 Sec. 19. (a) In determining the amount of property tax
 20 replacement credits civil taxing units in a county are entitled to
 21 receive during a year, the department of local government finance
 22 shall consider only property taxes imposed on tangible property
 23 that was assessed in that county.

24 (b) If a civil taxing unit is located in more than one (1) county
 25 and receives property tax replacement credits from one (1) or more
 26 of the counties, the property tax replacement credits received from
 27 each county shall be used only to reduce the property tax rates that
 28 are imposed within the county that distributed the property tax
 29 replacement credits.

30 (c) A civil taxing unit shall treat any property tax replacement
 31 credits that it receives or is to receive during a particular year as
 32 a part of its property tax levy for that same year for purposes of
 33 fixing its budget and for purposes of IC 6-1.1-18.5, IC 6-1.1-18.6,
 34 IC 6-1.1-19, and any other statute imposing a property tax levy
 35 limit."

36 Renumber all SECTIONS consecutively.

(Reference is to HB 1001(ss) as printed June 3, 2002.)

Representative Bauer